

TENNESSEE REGULATORY AUTHORITY

Lynn Greer, Chairman
Sara Kyle, Director
Melvin Malone, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

December 7, 1999

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EXEC. SECRETARY OFF.

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TN REGULATORY AUTHORITY

J. Gilbert Parrish, Jr.
605 Court Street
Savannah, TN 38372

Re: Application of Antioch Water Company to Increase Its Rates
Docket No. 99-00584

Dear Mr. Parrish:

After reviewing the Company's responses to our data request, which we received on November 30, we find that we will need the following additional information. Specifically, we request that you furnish thirteen copies of the requested information to the Executive Secretary's office **no later** than December 17, 1999.

1. Provide a Balance Sheet at December 31, 1998. A Balance Sheet was not included with the filing.
2. Please explain the purpose of the escrow accounts 105 and 210 with respective balances of \$3,821 and (\$4,650) at December 31, 1998.
3. Please explain what the receivables are in account 120 (Accounts Receivable-Ted Fields) and account 125 (Accounts Receivable-Other).
4. Please provide a copy of the loan agreement for the Note Payable-Commercial Bank-Tractor (account 205), showing the length of the loan, the interest rate and the monthly repayment schedule.
5. Why are there no expenses in 1997 and 1998 and none projected for 1999 for chemicals and water testing? Is the Company complying with all applicable regulations of the Department of Environment and Conservation with regard to water quality? Where are these expenses being recorded?
6. Please provide the detail of the \$570 expense for 1998 for sub-let labor.
7. The Tennessee Public Service Commission issued the Company a Certificate of Convenience and Necessity. In its Order dated June 27, 1996, the Company was directed to keep its books and records in accordance with the Uniform System of

FILE

Accounts for Class C Water Companies as required in Commission Rule 1220-4-1-.11 (g). Why is Antioch Water not following the Uniform System of Accounts as directed? A copy of the Commission Order is attached.

The Company's response to the Staff's initial data request of September 22, 1999 took nearly 10 weeks. Please advise your client of the urgency to respond as soon as possible. We are hoping to have a hearing date in January. Should you have any questions or require further information, I can be reached at (615) 741-2904, extension 178.

Sincerely,

A handwritten signature in cursive script that reads "Pat Murphy".

Pat Murphy
Senior Financial Analyst
Energy and Water Division

c: David Waddell, Executive Secretary
Mike Horne, Chief-Energy and Water Division

Pm99-80

BEFORE THE TENNESSEE PUBLIC SERVICE COMMISSION
Nashville, Tennessee

June 27, 1996

**IN RE: Application of Antioch Water Company For a Certificate of
 Convenience and Necessity To Provide Water Service**

Docket No. 95-03172

ORDER

This matter is before the Tennessee Public Service Commission ("Commission") upon the application of Antioch Water Company ("Applicant") for a Certificate of Convenience and Necessity ("CCN") to provide water service in Henry County, Tennessee, filed on August 24, 1995. The applicant operates as a partnership owned by Mr. Randy C. Allen and Mr. Ted R. Fields and provides water service to 252 residential customers in the Antioch Harbor retirement community. Antioch Harbor is surrounded on three sides by Kentucky Lake and is located in Northeast Henry County at the intersection of Antioch Road and Antioch Harbor Road in the vicinity of US Highway 79 North. The applicant is operating a portion of the property of the former Lakeland Water Company previously under Commission jurisdiction, and now the applicant seeks a CCN pursuant to T.C.A. § 65-4-201 in order to comply with state law.

The Commission Staff ("Staff") in its investigation of the application, reviewed the applicant's answers to its data requests, reviewed the reports of the Department of Environment and Conservation ("TDEC") and performed an on site audit. Based upon its investigation, the Staff recommended approval of the application by Memorandum dated March 21, 1996. The Staff's recommendation of approval was conditioned upon the applicant maintaining its books and records in accordance with the Uniform System of Accounts ("USOA") for Class C Water Companies as adopted by the Commission. The applicant has agreed to maintain its books and records in accordance with the USOA.

The Staff's investigation of the rates being charged by the applicant revealed that they were consistent with the rates charged by similarly situated companies that have received CCNs from the Commission (See Attachment A for list of rates). However, if the applicant seeks any rate adjustments, it must comply with the provisions of T.C.A. § 65-5-203.

This application, being uncontested, was considered by the Commission on April 16, 1996, at a regularly scheduled Commission Conference. Based on the Staff's investigation and recommendation, the Commission voted unanimously to grant the CCN requested by Antioch Water Company.

In granting this application, the Commission notes that sanitary surveys were conducted in 1994 and 1995 by the TDEC that resulted in passing grade points or "provisional approval" for the applicant. Moreover, the applicant has received a higher point score of 90

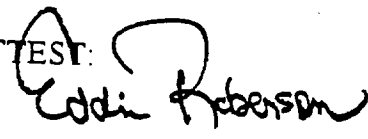
points in the 1996 sanitary survey, thus placing the applicant among the State's approved water supply providers. Therefore, it is the Commission's expectation that the applicant will continue to provide safe drinking water to its customers. Furthermore, the applicant shall comply with all applicable statutes, rules and regulations of the appropriate Federal and State agencies regarding water quality as well as the rules of the Commission that are applicable to water utilities.

The Commission approves the current rate structure of the applicant, but in so doing makes no specific finding as to either the value of the rate base, the appropriate depreciation rates or the proper levels of revenues or expenses. Consequently, the Commission reserves the right to investigate the applicants rate structure at any time.

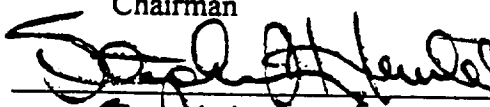
IT IS THEREFORE ORDERED THAT:

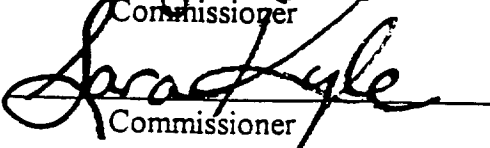
1. The application of Antioch Water Company for a Certificate of Convenience and Necessity to provide water service is hereby granted;
2. That the existing rates set forth on Attachment A are approved;
3. The applicant shall file tariffs setting forth its rates, charges and conditions of service;
4. That the applicant shall keep its books and records in accordance with the Uniform System of Accounts for Class C Water Companies, and file all reports required by the Commission's Rules and Regulations;
5. Any party aggrieved with the Commission's decision in this matter may file a Petition for Reconsideration with the Commission within ten (10) days from and after the date of this Order;
6. Any party aggrieved with the Commission's decision in this matter has the right of judicial review by filing a petition with the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.

ATTEST:



Executive Director

- ** Keith Bissell
Chairman


Commissioner


Commissioner

** Chairman Keith Bissell voted to approve this application, and his vote is reflected on page 3 of the Commission Conference transcript of April 16, 1996 (a copy of page 3 is attached).